

CITY OF DETROIT FINANCIAL ADVISORY BOARD

**NOVEMBER 12, 2012 - 2:00 P.M.
MINUTES**

Members Present:

Mary Beth Kuderik
Darrell Burks
Ronald E. Goldsberry

Sandy Pierce
W. Howard Morris
Kenneth Whipple

Glenda Price

Members Absent:

Eddie Munson
Robert Bowman

I. CALL TO ORDER

Ms. Pierce called the meeting to order at 2:00 P.M. Seven Financial Advisory Board members were present, a quorum.

Roll Call – Darrell Burks, Ronald E. Goldsberry, Mary Beth Kuderik, Howard Morris, Sandy Pierce, Glenda Price, Kenneth Whipple. By motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to approve today's agenda.

FAB member Munson previously asked to be excused for this meeting.

Ms. Pierce reminded members of the public wishing to address the board to complete public comments forms.

II. APPROVAL OF BOARD MEETING MINUTES

By motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to approve the October 8, 2012, Board meeting minutes.

III. CLOSED SESSION

At 2:11 p.m., by motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to go into closed session to consider material exempt from discussion or disclosure by state and federal statute; in this case, to consult with the Board's attorneys regarding their written legal opinion concerning PA 4 and the Financial Stability Agreement.

At 3:02 p.m., by motion made and supported, the Board unanimously voted 7-0 (via roll call vote) to come out of closed session.

IV. FAB EXECUTIVE STATEMENT

FAB Chair: Notwithstanding the repeal of PA 4, the Financial Stability Agreement (FSA) remains intact and enforceable, with the exception of those provisions based on P.A. 4, examples are *Sections 4.1, 4.3 and 4.4*, related to the imposition of contracts and duty to bargain. The primary foundation for the Financial Stability Agreement is the Urban Cooperation Act, among

CITY OF DETROIT FINANCIAL ADVISORY BOARD

other statutes, and not P.A. 4. Thus, the repeal of P.A. 4 does not invalidate the Financial Stability Agreement or the Financial Advisory Board.

V. PRESENTATIONS

CET IMPLEMENTATION: Lamont Satchel provided a general summary.

FINANCIAL UPDATE: Kriss Andrews provided a general summary.

Current cash flow for City of Detroit 53m after estimated obligations 22m. Without support from State and Milestone Agreement we could have short fall in mid-December

FAB Chair: Requested that Mr. Andrews say more about pg. 11 of discussion document where it Reads - the end of December -18m worse than the prior forecast due to medical trends and lower receipt from sales and charges for services. Mr. Andrews responded stating the City thought only one medical payment would be required for medical cost; Medical benefits were higher than the prior forecast. As a result the cash position is higher than what was anticipated.

FAB Goldsberry: Questioned pg. 13 with respect to the accumulated property tax reserve, as done on a monthly basis, asked how quick or how much flexibility do we have to pay later. Mr. Andrews responded stating we have responsibility to the reconciliations and get paid, this responsibility cannot change. Cash flow is problematic; The cash position for City is more critical than initially thought.

FAB Burkes: Requested that Mr. Andrews provide the board with the forecast for July 12, August, September and October, 2012 to compare the budgeted amounts to the actual results; and further stated in the future, to include budget and actuals in effort to review the variance between what is forecasted and what actual results are. Mr. Andrews agreed to provide this information.

FAB Chair: Stated that Mr. Jack Martin (absent) was aware of same above request and she was surprised it was not in presentation.

FAB Goldsberry: Requested to review earlier question on pg. 13, regarding 4.8m deficit vs. 66.9m December deficit – asking which one should we look at. Mr. Andrews stated we should be looking at both because we have to meet both sets of obligations.

FAB Morris: Inquired was the cash property tax reserve and additional liability and is it payable with flexibility. Mr. Andrews gave explanation.

FIRE DEPARTMENT: Detroit Fire Department: Commissioner Donald Austin and Deputy E. Jenkins provided a general summary.

FAB Kuderik: Inquired what the accounting activity means in this category. Mr. Andrews responded by stating this and other departments need increased financial planning to look at budget and actual spending; not the usual accounts payable.

CITY OF DETROIT FINANCIAL ADVISORY BOARD

FAB Chair: Asked if the DFD and anyone else who will present to state an action for the FAB. DFD Commissioner responded by listing several financial resource assistance request; reimbursement funds, matching grant assistance and assistance on obtaining portions of the State Fair ground property for a new facility.

FAB Burkes: Asked, what do the citizens get out of this department; how do we fix the perceptions that the fire department is not responsive; and how do we fix this problem. DFD Commissioner explained that the department is not progressing because of lack of financial resources and antiquated and dilapidated tools, equipment and technology. He further indicated that he has not heard many public complaints about response, but has heard flooding complaints.

FAB Chair requested that the Fire Department should work with the Quality of Life Subcommittee (QOL) chaired by Mary Beth Kuderik. FAB Chair Pierce charged that a price tag should be placed on the short, medium and long term objectives as well as skill sets in an effort to progress and further stated to report back at a later time.

RFP FOR RESTRUCTURING ADVISORS: Kriss Andrews provided a general summary.

DRAWS ON ESCROW – Milestone Agreement: Kriss Andrew provided a general summary.

FAB Chair: Asked will we get a copy of the specific action items happening under the consent agreement. Mr. Andrews responded that he will send Ms. Peirce the Milestone agreement and reiterated 2 money draws will occur 1st in November for 10m and 2nd in December for 20m. He further stated two contracts are pending in City Council; Miller Canfield and Ernst and Young, if not voted in favor, the Milestone will not be met.

REFORM AGENDA: Kriss Andrews provided a general summary.

CALENDAR: Due to lack of time, the Detroit Police Department's presentation will be delivered at the December 10, 2012 FAB meeting.

VI. BOARD ACTION AND/OR DISCUSSION ITEMS

None

VII. PUBLIC PARTICIPATION/COMMENTS

There were 10 individuals requesting to address the Board:

Junetta Delores Wynn
Patty Fedewa
Marie Thornton
Stephen Boyle

Valerie Glenn
Diane Bukowski
Sylvia McClinton

Cecily McClellan
Chris Griffin
Wayne Bernard

VIII. MOTION TO ADJOURN

There being no further business, and by motion and second, Ms. Pierce adjourned the meeting at 5:12 P.M.

Date Approved: December 10, 2012